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CHIEF CLERK'S OFFICE AUG 18, 2005

Ms. Elizabeth A. Rolando  
Chief Clerk  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, Illinois 62701

05-0437

Response

Dear Ms. Rolando:

In compliance with The Illinois Commerce Commission's Resolution in Case Number 05-0437, Peoples Energy Services Corporation ("PE Services") submits our plan to support the Sustainable Energy Plan Initiative ("Initiative").

In support of the Initiative, PE Services will monitor the renewable energy and demand response markets, discuss environmentally supportive options with suppliers, RTOs, utilities, etc., and analyze our product offerings to incorporate such options for customers when appropriate.

Today, there are certain barriers that are limiting the development of the Illinois renewable energy and demand response markets. For example, there are only a few resources within Illinois able to comply with the renewable energy requirements currently outlined in the Initiative. PE Services understands and agrees that the benefits of the Initiative, both public and private, outweigh the barriers that currently limit the development of these markets and that in time, the market will become more robust. Consequently, PE Services will continue to research opportunities, educate customers and take all necessary actions to ensure the continued growth and proper development of the renewable energy and demand response markets in Illinois.

In addition to monitoring the growth and development of the market, PE Services will continue to meet our customers' needs as we do today. To the extent that customers are interested in and seeking to buy renewable energy or participate in demand response and/or energy efficiency programs, PE Services stands ready to fulfill those customers' needs. In fact, PE Services recently entered into a contract with the State of Illinois and worked with them to fulfill a renewable energy component of the agreement. PE Services wants to provide all our customers with reliable and environmentally safe energy.

When deciding upon renewable resources and demand response options, PE Services will look at different attributes including the reliability of the power, the percentage of power during peak hours and the reduction in negative externalities. Not only will we review the attributes, but also verify the reliability of suppliers. For instance, we have been seeking out and in conversations with suppliers who are certified by two different

organizations: the Environmental Resources Trust and the Green-e Program of the Center for Resource Solutions. We will continue to discuss options with our suppliers and monitor their credibility to ensure the best benefits for our customers.

PE Services agrees with and is committed to supporting Illinois' goals of increasing that state's utilization of renewable energy, demand response and energy efficiency. If you should have any questions or require any additional information, please do not hesitate to contact me at (312) 946-8575.

Very Truly Yours,

A handwritten signature in cursive script that reads "Jennifer Witt". The signature is written in dark ink and is positioned above the printed name and title.

Jennifer Witt  
Manager Market Analysis